



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
H & Z ENTERPRISES HI, LLC;)
H & Z CULTIVATION, LLC; and)
MACKENZIE S.C. HOAMBRECKER,)
)
Respondents.)
)
Serve: H & Z Cultivation, LLC)
c/o Frank Borger Gilligan)
Dickinson Wright PLLC)
424 Church Street, Ste. 800)
Nashville, Tennessee 37219)
)
H & Z Enterprises HI, LLC)
c/o Frank Borger Gilligan)
Dickinson Wright PLLC)
424 Church Street, Ste. 800)
Nashville, Tennessee 37219)
)
MacKenzie S.C. Hoambrecker)
c/o Frank Borger Gilligan)
Dickinson Wright PLLC)
424 Church Street, Ste. 800)
Nashville, Tennessee 37219)

Case No.: AP-22-13

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
RESTITUTION, CIVIL PENALTIES, COSTS AND OTHER ADMINISTRATIVE
RELIEF SHOULD NOT BE IMPOSED**

On September 30, 2022, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("Enforcement Section"), through Interim Director of Enforcement, Steven M. Kretzer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, Costs and Other Administrative Relief Should Not Be Imposed ("Petition"). After receiving the Petition, the Acting Commissioner issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

Between May 1, 2019 and December 24, 2019 (“Relevant Period”), MacKenzie S.C. Hoambrecker and his two Missouri-registered limited liability companies raised more than \$5.456 million from at least forty (40) investors across seventeen (17) states, including six (6) Missouri investors, in connection with the sale of interests in H & Z Cultivation, LLC and H & Z Enterprises HI, LLC (together, “H&Z Companies”) using materially false and misleading misrepresentations, material omissions, and undisclosed conflicts of interest. By engaging in this conduct, Respondents violated Sections 409.5-501(1), 409.5-501(2), and 409.5-501(3) of the Missouri Securities Act of 2003, Chapter 409, *et seq.* (“Act”).¹

B. Respondents and Related Parties

1. **MacKenzie Steven Carl Hoambrecker** (“MacKenzie”) is a forty-two-year-old Fairway, Kansas resident. He is the Founding Member and sole Manager² of H & Z Enterprises and H & Z Cultivation. During the Relevant Period, MacKenzie was also the sole signatory on the H&Z Companies’ respective bank accounts. He has never been registered in any capacity in the financial services industry. Since 2007, MacKenzie has been employed as a salesperson by Stryker Midwest Incorporated (“Stryker”), a medical device and equipment company.
2. **H & Z Enterprises HI, LLC** (“H&Z HI”) is a Missouri limited liability company formed on May 15, 2019, with its principle place of business at 2900 Brooktree Lane, Suite 100, Gladstone, Missouri, 64119, which is also the address of the law firm MacKenzie engaged to draft, among other things, the operating agreement for H&Z HI (“H&Z HI Operating Agreement”). H&Z HI was formed for the purpose of serving as a private fund vehicle to invest in a start-up hemp operation known as Mt. Hempton Farms LLC. Between May 15, 2019 and June 20, 2019, MacKenzie, on behalf of H&Z HI, raised \$3.191 million from twenty-five (25) investors, including five (5) Missouri investors. The investment consisted of member interests in H&Z HI. At present, H&Z HI retains an active entity status with Missouri but is not operational.
3. **H & Z Cultivation, LLC** (“H&Z Cultivation”) is a Missouri limited liability company founded by MacKenzie and formed on June 25, 2019, with its principle place of business at 2900 Brooktree Lane, Suite 100, Gladstone, Missouri, 64119, which is also the address of the law firm MacKenzie engaged to draft, among other things, the operating agreement for H&Z Cultivation (“H&Z Cultivation Operating Agreement”). Similar to H&Z HI, H&Z Cultivation was formed for the purpose of serving as a private fund vehicle to invest in Mt.

¹ Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2021 Cumulative Supplement.

² As those two terms are defined in the H&Z HI Operating Agreement and H&Z Cultivation Operating Agreement (together, the “H&Z Operating Agreements”).

Hempton Farms LLC. Between August 27, 2019 and December 24, 2019, MacKenzie, on behalf of H&Z Cultivation, raised \$2.265 million from twenty-six (26) investors³, including three (3) Missouri investors⁴. The investment consisted of member interests in H&Z Cultivation. At present, H&Z Cultivation retains an active entity status with Missouri but is not operational.

4. **Janson B. Hoambrecker** (“Janson”) is a forty-five-year-old resident of Chicago, Illinois. Janson is the brother of MacKenzie, and founder, chief executive officer, and managing member of Mt. Hempton Farms LLC.
5. **Mt. Hempton Farms LLC** (“Mt. Hempton Farms”) is a Colorado limited liability company formed on October 3, 2018, with its principal place of business at 453 Country Road 1975 East, Secor, IL 61771. Mt. Hempton Farms operates a business of growing, harvesting, and selling hemp. At present, Mt. Hempton Farms’ registration in Colorado is still active but the company is not operational.
6. **H & Z Enterprises NM, LLC** (“H&Z New Mexico”) was a Missouri limited liability company formed on March 11, 2019, with a last known principal address of 2900 Brooktree Lane, Suite 100, Gladstone, Missouri, 64119. The only known members of H&Z New Mexico were MacKenzie and his wife. According to formation documents filed with the Missouri Secretary of State (“MoSOS”), H&Z New Mexico was formed for the specific purpose of investing in real property; yet, in reality, the only business ever conducted by the company was acting as a managing partner and 32.817% equity owner of a joint venture known as PPAF Mount Hempton LLC. H&Z New Mexico’s entity status with the state of Missouri was voluntarily dissolved on June 11, 2021.
7. **PPAF Mount Hempton LLC** (“PPAF Mt. Hempton”) is a Missouri limited liability company and joint venture formed on May 1, 2019, between Profusion Private Asset Fund, LLC (“PPAF”), which is a St. Louis-based manager-managed private investment fund, and H&Z New Mexico. PPAF Mt. Hempton was formed for the specific purpose of funding and potentially acquiring an equity interest in Mt. Hempton Farms. At present, PPAF Mt. Hempton retains an active entity status with Missouri but is not operational.
8. **Hoambrecker Farms LLC** (“Hoambrecker Farms”) was a Missouri limited liability company formed on August 3, 2018. During the Relevant Period, Hoambrecker Farms was affiliated with a 25.9 acre parcel of farmland located at 453 County Road 1975 E in Secor, Illinois, purchased by MacKenzie and Janson on April 4, 2019. Hoambrecker Farms’ registration was voluntarily terminated with the MoSOS on January 29, 2021. At present, the 25.9 acre farmland in Secor, IL remains titled in the name of Hoambrecker Farms and the farm is actively growing hemp.

³ Some investors in H&Z Cultivation also invested in H&Z HI.

⁴ Some Missouri investors made investments in both H&Z HI and H&Z Cultivation.

C. Enforcement Section's Investigation

1. *The Offerings of H&Z HI and H&Z Cultivation*

H&Z HI

9. H&Z HI was formed in May 2019 for the purpose of serving as a private fund vehicle to invest in Mt. Hempton Farms.
10. Specifically targeting employees and former employees of Stryker, MacKenzie, on behalf of H&Z HI, between May 15, 2019 and June 20, 2019, raised \$3.191 million from twenty-five (25) investors ("H&Z HI Investors"), including five (5) Missouri investors⁵.
11. MacKenzie solicited prospective and actual H&Z HI Investors and provided them with offering materials, namely, a copy of the H&Z HI Operating Agreement, an H&Z HI Subscription Agreement ("H&Z HI Subscription Agreement"), and an electronic slide presentation titled "Mt Hempton Farms" ("Slide Presentation")(altogether, "H&Z HI Offering Materials").
12. The H&Z HI Operating Agreement provided that H&Z HI Investors were to expect profits from H&Z HI's investment in Mt. Hempton Farms,

first from [H&Z HI's] **first priority investment** in eleven (11) farms on which Mt. Hempton is currently harvesting hemp products, comprised of the following acreages: 23 acres in Illinois; 40 acres in Colorado; 100 acres in Oklahoma, and 280 acres in New Mexico. Mt. Hempton is also currently harvesting hemp products on an additional 250 acres in New Mexico, the proceeds from which [H&Z HI] will have a **second priority investment** from which to make the distributions set forth in Section 4.2.A, should first priority farms be insufficient to make the distributions described in Section 4.2.A.a⁶ and Section 4.2.A.b.⁷ (emphasis added)

13. To further induce investment, the H&Z HI Operating Agreement provided,

If [H&Z HI's] investment is successful, the distributions to the [H&Z HI Investors] as set forth in Section 4.2.A.a and Section 4.2.A.b shall be made by [H&Z HI] to the [H&Z HI Investors] by June 1, 2020.

14. MacKenzie emailed H&Z HI Investors with copies of the H&Z HI Operating Agreement

⁵ The Missouri investors include a combination of Missouri residents and Missouri-registered entities.

⁶ Section 4.2.A.a. provided that distributions to H&Z HI Investors will be made on a pro rata basis in the ratio of H&Z HI Investors' respective capital contributions and shall apply first against their capital contribution until paid in full.

⁷ Section 4.2.A.b. provided that once a full return of capital contributions had been distributions to H&Z HI Investors as set forth in Section 4.2.A.a., further pro rata distribution of profits shall then be paid to H&Z HI Investors until each H&Z HI Investor has received aggregate distributions equal to three times (3X) their capital contribution, at which time said each such H&Z HI Investor's membership interest in H&Z HI will be deemed to have been "bought out" by H&Z HI, and said H&Z HI Investor shall no longer have any interest in H&Z HI.

and H&Z HI Subscription Agreement to review and execute. MacKenzie also provided H&Z HI Investors with wiring instructions to an H&Z HI bank account he controlled, and instructed other H&Z HI Investors how to deliver their physical investment checks to him.

15. The role of H&Z HI Investors was limited to investing money. H&Z HI Investors had no control over the day-to-day managerial or operational decisions of H&Z HI or any loans or investment decisions H&Z HI would make. H&Z HI Investors relied solely on MacKenzie to generate profits through the investment decisions he made for H&Z HI. The H&Z HI Investors' member interests in H&Z HI are investment contracts, and therefore securities, within the meaning of the Act.
16. To date, none of the H&Z HI Investors have received any distribution of profits from H&Z HI's investment in Mt. Hempton Farms, or a return of any portion of the principal amount they invested.

H&Z Cultivation

17. H&Z Cultivation was formed in June 2019 for the purpose of serving as a private fund vehicle to undertake a follow-on investment in Mt. Hempton Farms.
18. Specifically retargeting H&Z HI Investors, as well as targeting additional employees and former employees of Stryker, MacKenzie, on behalf of H&Z Cultivation, between August 27, 2019 and December 24, 2019, raised \$2.265 million from twenty-six (26) investors ("H&Z Cultivation Investors"),⁸ three (3) of which were Missouri investors⁹ (H&Z HI Investors and H&Z Cultivation Investors shall collectively be referred to as "H&Z Investors").
19. MacKenzie, on behalf of H&Z Cultivation, solicited and provided prospective and actual H&Z Cultivation Investors with offering materials including, a copy of the H&Z Cultivation Operating Agreement, an H&Z Cultivation Subscription Agreement ("H&Z Cultivation Subscription Agreement"), and a Slide Presentation (altogether, the "H&Z Cultivation Offering Materials")(the H&Z HI Offering Materials and the H&Z Cultivation Offering Materials shall collectively be referred to as "H&Z Offering Materials").
20. According to the H&Z Cultivation Operating Agreement, H&Z Cultivation Investors were to expect profits from H&Z Cultivation's investment in Mt. Hempton Farms,

first from [H&Z Cultivation's] **first priority investment** in eleven (11) farms on which Mt. Hempton is currently harvesting hemp products, comprised of the following acreages: 23 acres in Illinois; 40 acres in Colorado; 100 acres in Oklahoma, and 280 acres in New Mexico. Mt. Hempton is also currently harvesting hemp products on an additional 250 acres in New Mexico, the proceeds from which [H&Z Cultivation] will have

⁸ Several H&Z Cultivation Investors were also investors in H&Z HI.

⁹ The Missouri investors include a combination of Missouri residents and Missouri-registered entities. Two of the Missouri entities were also investors in H&Z HI.

a **third priority investment** from which to make the distributions set forth in Section 4.2.A, should first priority funds be insufficient to make the distributions described in Section 4.2.A.a¹⁰ and Section 4.2.A.b.¹¹ (emphasis added)

21. To further induce investment, the H&Z Cultivation Operating Agreement provided,

If [H&Z Cultivation's] investment is successful, the distributions to the Subscription Members as set forth in Section 4.2.A.a and Section 4.2.A.b shall be made by [H&Z Cultivation] to the Subscription Members by August 31, 2020.

22. MacKenzie emailed H&Z Cultivation Investors with copies of the H&Z Cultivation Operating Agreement and H&Z Cultivation Subscription Agreement to review and execute. MacKenzie also provided H&Z Cultivation Investors with wiring instructions to an H&Z Cultivation bank account he controlled, and instructed other H&Z Cultivation Investors how to deliver their physical investment checks to him.

23. The role of H&Z Cultivation Investors was limited to investing money. H&Z Cultivation Investors had no control over the day-to-day managerial or operational decisions of H&Z Cultivation or any loans or investment decisions H&Z Cultivation would make. H&Z Cultivation Investors relied solely on MacKenzie to generate profits through the investment decisions he made for H&Z Cultivation. The H&Z Cultivation Investors' member interests in H&Z Cultivation are investment contracts, and therefore securities, within the meaning of the Act.

24. To date, none of the H&Z Cultivation Investors has received any distribution of profits from H&Z Cultivation's investment in Mt. Hempton Farms, or a return of any portion of the principal amount they invested.

2. *MacKenzie's Material Misrepresentations and Omissions*

25. MacKenzie had ultimate authority for the accuracy of the H&Z Offering Materials disseminated to H&Z Investors, which were false and misleading for the reasons set forth below:

a. The H&Z Operating Agreements provided that H&Z Investors' profits from the H&Z Companies' respective investments in Mt. Hempton Farms would be derived

¹⁰ Section 4.2.A.a. provided that distributions to H&Z Cultivation Investors will be made on a pro rata basis in the ratio of H&Z Cultivation Investors' respective capital contributions and shall apply first against their capital contribution until paid in full

¹¹ Section 4.2.A.b. provided that once a full return of capital contributions had been distributed to H&Z Cultivation Investors as set forth in Section 4.2.A.a., further pro rata distribution of profits shall then be paid to H&Z Cultivation Investors until each H&Z Cultivation Investor has received aggregate distributions equal to two times (2X) their capital contribution, at which time said each such H&Z Cultivation Investor's membership interest in H&Z Cultivation will be deemed to have been "bought out" by H&Z Cultivation, and said H&Z Cultivation Investor shall no longer have any interest in H&Z Cultivation.

from a first priority interest in the net revenues from eleven (11) farms, totaling 443 acres, on which Mt. Hempton Farms was currently harvesting hemp products, including 280 acres in New Mexico. In reality, at the time MacKenzie distributed the H&Z Operating Agreements to the H&Z Investors, no such harvesting was taking place on such acreage in New Mexico for the first priority interest of either of the H&Z Companies. Further, no hemp was ever planted, grown or harvested on such acreage in New Mexico by Mt. Hempton Farms for the first priority interest of either of the H&Z Companies;

- b. The H&Z Operating Agreements provided that H&Z Investors' profits from the H&Z Companies' respective investments in Mt. Hempton Farms would be derived from the H&Z Companies' first priority interest in the net revenues from eleven (11) farms, totaling 443 acres, on which Mt. Hempton was currently harvesting hemp products, including 100 acres in Oklahoma. In reality, at the time MacKenzie distributed the H&Z Operating Agreements to the H&Z Investors, no such harvesting was taking place on such acreage in Oklahoma for the first priority interest of either of the H&Z Companies. Further, no hemp was ever planted, grown or harvested on such acreage in Oklahoma by Mt. Hempton Farms for the first priority interest of either of the H&Z Companies;
- c. The H&Z Operating Agreements provided that H&Z Investors' profits from the H&Z Companies' respective investments in Mt. Hempton Farms would be derived from the H&Z Companies' first priority interest in the net revenues from eleven (11) farms, totaling 443 acres, on which Mt. Hempton was currently harvesting hemp products, including forty (40) acres in Colorado. In reality, at the time MacKenzie distributed the H&Z Operating Agreements to the H&Z Investors, no such harvesting was taking place on such acreage in Colorado for the first priority interest of either of the H&Z Companies. Further, no hemp was ever planted, grown or harvested on such acreage in Colorado by Mt. Hempton Farms for the first priority interest of either of the H&Z Companies;
- d. While the Slide Presentation touted the experience of one of Mt. Hempton Farms' key employees, the so-called master grower ("Master Grower"), at no time prior to or at the time the H&Z Investors purchased their respective member interests in the H&Z Companies did MacKenzie disclose to them that the title "master grower" was merely a self-proclaimed, unaccredited title, and that the Master Grower had no actual experience growing hemp in New Mexico (or any other state other than Colorado) and had minimal experience growing hemp outdoors; and
- e. The Slide Presentation claimed Mt. Hempton Farms' "grow team" cumulatively had "over 200 years [*sic*] experience growing Cannabis", when, in reality, the grow team had no such experience, and had no actual experience growing hemp in New Mexico (or any other state other than Colorado) and had minimal experience growing hemp outdoors.

26. MacKenzie had ultimate authority for the accuracy of the H&Z Offering Materials disseminated to H&Z Investors, which failed to disclose material information to the H&Z Investors, as set forth below:
- a. MacKenzie, in direct conflict with the interests of H&Z Investors, was a 50% owner of one of the eleven (11) farms—specifically, the twenty-three (23) acres in Illinois that was referenced in the H&Z Operating Agreements and was part of the acreage known as Hoambrecker Farms—from which the H&Z Investors were to derive profits from their investment. Pursuant to a profit-sharing arrangement that Hoambrecker Farms had in place with Mt. Hempton, Hoambrecker Farms would receive 25% (and Mt. Hempton Farms would receive 75%) of the net profit generated from the sale of hemp grown on Hoambrecker Farms prior to any net profit being distributed to H&Z Investors;
 - b. Prior to raising funds from H&Z Investors, MacKenzie, in direct conflict with the interests of H&Z Investors, coordinated with executives at PPAF to create PPAF Mt. Hempton, a special purpose vehicle within PPAF through which MacKenzie¹² and PPAF¹³, as sole partners, would provide financing to, and procure a potential equity ownership in, Mt. Hempton Farms. Specifically, on May 20, 2019, PPAF Mt. Hempton executed, among other things, the following transactional documents with Mt. Hempton Farms:
 - (1) a Promissory Note and a Loan And Equity Participation Agreement (together, “Loan Agreement”), pursuant to which PPAF Mt. Hempton loaned \$774,000 to Mt. Hempton Farms. According to the terms of the Loan Agreement, Mt. Hempton Farms assigned and conveyed 25% of its net profit to PPAF Mt. Hempton to finance repayment of the loan amount plus 12% annual interest. As a consequence, MacKenzie, through his PPAF Mt. Hempton investment and in direct conflict with the H&Z Investors, subordinated the H&Z Investors’ interests in the net profit from Mt. Hempton Farms. From his PPAF Mt. Hempton investment, MacKenzie received cash distributions of at least \$390,983.85;
 - (2) an Option Agreement, pursuant to which PPAF Mt. Hempton acquired an irrevocable and exclusive right, exercisable at any time between May 20, 2019 and May 19, 2021, to purchase a 10% equity interest in Mt. Hempton Farms;
 - (3) a Pledge Agreement (Partnership Interest), pursuant to which PPAF Mt. Hempton acquired the rights, titles and interests to all current and future Mt. Hempton Farms’ partnership interests with its farming partners, including, without limitation, Mt. Hempton Farms’ rights to vote, rights to interim cash and property distributions, and rights to liquidating cash and property

¹² MacKenzie’s ownership of PPAF Mt. Hempton was made through his personal enterprise H&Z New Mexico.

¹³ By virtue of having a managed client account at PPAF, Mackenzie also held a 6.667% equity interest in PPAF’s investment in PPAF Mt. Hempton.

- distributions together with all proceeds of the same, to secure the payment and performance of payment on the \$774,000 loan (plus 12% annual interest) represented in the Loan Agreement;
- (4) a Security Agreement, pursuant to which PPAF Mt. Hempton, for the purpose of securing repayment of its \$774,000 loan (plus 12% interest) to Mt. Hempton Farms, as referenced in the Loan Agreement, acquired a first priority security interest in and to all of Mt. Hempton Farms' Collateral¹⁴ and all proceeds (whether cash proceeds or noncash proceeds) of the Collateral, including all insurance policies and proceeds of insurance payable by reason of loss or damage to the Collateral, including unearned premiums. To perfect the security interest, PPAF Mt. Hempton caused the filing of a UCC financing statements in Colorado, Missouri and New Mexico;
 - (5) a Management Rights Agreement, pursuant to which PPAF Mt. Hempton acquired the right to advise Mt. Hempton Farms' management on significant business issues, including, but not limited to, management's proposed annual operating plans. Further, PPAF Mt. Hempton acquired a commitment from Mt. Hempton Farms' management to refrain from, among other things, the following activities, without obtaining prior written consent from PPAF Mt. Hempton: guaranteeing any indebtedness (except for trade accounts of Mt. Hempton Farms or any subsidiary arising in the ordinary course of business); incurring any aggregate indebtedness in excess of \$50,000 (other than trade credit incurred in the ordinary course of business); hiring, firing or changing the compensation of the executive officers of Mt. Hempton Farms; and entering any new lines of business or exiting the current line of business; selling, assigning, licensing, pledging, or encumbering material technology or intellectual property (other than licensing granted in the ordinary course of business); and
 - (6) a Right of First Refusal and Co-Sale Agreement, pursuant to which, among other things, PPAF Mt. Hempton was granted the right to have the first opportunity to purchase any equity interests in Mt. Hempton Farms offered for sale to any third party by either of the two principals of Mt. Hempton Farms, each of whom owned a 50% equity stake in Mt. Hempton Farms; and
- c. While touting the experience of the Master Grower to H&Z Investors, at no time prior to or at the time H&Z Investors purchased their respective investments did MacKenzie disclose to H&Z Investors the Master Grower's relevant criminal history, including, but not limited to:

¹⁴ According to the Security Agreement, "Collateral" means "the Accounts, Records, Chattel Paper, Deposit Accounts, Documents, Equipment, FF&E, General Intangibles, Goods, Instruments, Intellectual Property, Inventory, Investment Property, Letter of Credit Rights, all escrow and reserve accounts required by or pursuant to any of the Loan Documents, and all other assets, tangible or intangible, now or hereafter acquired by [Mt. Hempton Farms], and the Proceeds of each thereof."

- (1) a 1996 arrest in Utah for theft, possession of marijuana and drug paraphernalia;
- (2) a 1999 arrest in Utah for possession of marijuana and stolen property for which he was convicted and served sixty days in jail;
- (3) a series of arrests in 2002, involving possession of marijuana and drug paraphernalia, possession with intent to distribute and carrying a loaded firearm;
- (4) a 2005 arrest on a felony weapons charge and for possession of marijuana that led to serving four months in the Utah Department of Corrections and subsequent release onto three years supervised probation;
- (5) a 2010 arrest in Utah for driving under the influence, possession of marijuana and possession of paraphernalia; and
- (6) a 2012 arrest in Utah for alcohol related reckless driving for which he was convicted and sentenced to 180 days in jail and one year probation.

II. ACTING COMMISSIONER'S DETERMINATIONS AND FINDINGS

COUNT I – 26 Violations of Section 409.5-501(1)

27. **THE ACTING COMMISSIONER DETERMINES** that the member interests offered and sold by Respondents H&Z HI and MacKenzie to H&Z HI Investors are securities under Section 409.1-102(28).
28. By engaging in the conduct as set forth above, Respondents H&Z HI and MacKenzie, in connection with the offer and sale of a security, employed a device, scheme, or artifice to defraud, in violation of Section 409.5-501(1).
29. At the time Respondents H&Z HI and MacKenzie engaged in the conduct set forth above, two H&Z HI Investors were sixty years of age or older and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
30. Respondents H&Z HI and MacKenzie's violations of Sections 409.5-501(1) constitute an engagement in an illegal act, practice, or course of business subject to the Acting Commissioner's authority under Section 409.6-604.

COUNT II – 26 Violations of Section 409.5-501(2)

31. **THE ACTING COMMISSIONER FURTHER DETERMINES** that by engaging in the conduct as set forth above, Respondents H&Z HI and MacKenzie, in connection with the offer and sale of a security, made untrue statements of material fact or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading, in violation of Section 409.5-501(2).

32. At the time Respondents H&Z HI and MacKenzie engaged in the conduct set forth above, two H&Z HI Investors were sixty years of age or older and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
33. Respondents H&Z HI and MacKenzie's violations of Section 409.5-501(2) constitute an engagement in an illegal act, practice, or course of business subject to the Acting Commissioner's authority under Section 409.6-604.

COUNT III – 26 Violations of Section 409.5-501(3)

34. **THE ACTING COMMISSIONER FURTHER DETERMINES** that by engaging in the conduct as set forth above, Respondents H&Z HI and MacKenzie, in connection with the offer and sale of a security, engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501(3).
35. At the time Respondents H&Z HI and MacKenzie engaged in the conduct set forth above, two H&Z HI Investors were sixty years of age or older and were elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
36. Respondents H&Z HI and MacKenzie's violations of Section 409.5-501(3) constitute an engagement in an illegal act, practice, or course of business subject to the Acting Commissioner's authority under Section 409.6-604.

COUNT IV – 25 Violations of Section 409.5-501(1)

37. **THE ACTING COMMISSIONER FURTHER DETERMINES** that the member interests offered and sold by Respondents H&Z Cultivation and MacKenzie to H&Z Cultivation Investors are securities under Section 409.1-102(28).
38. By engaging in the conduct as set forth above, Respondents H&Z Cultivation and MacKenzie, in connection with the offer and sale of a security: (1) employed a device, scheme, or artifice to defraud, in violation of Section 409.5-501(1).
39. At the time Respondents H&Z Cultivation and MacKenzie engaged in the conduct set forth above, one H&Z Cultivation Investor was sixty years of age or older and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
40. Respondents H&Z Cultivation and MacKenzie's violations of Section 409.5-501(1) constitute an engagement in an illegal act, practice, or course of business subject to the Acting Commissioner's authority under Section 409.6-604.

COUNT V – 25 Violations of Section 409.5-501(2)

41. **THE ACTING COMMISSIONER FURTHER DETERMINES** that by engaging in the conduct as set forth above, Respondents H&Z Cultivation and MacKenzie, in connection with the offer and sale of a security, made untrue statements of material fact or omitted to

state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading, in violation of Section 409.5-501(2).

42. At the time Respondents H&Z Cultivation and MacKenzie engaged in the conduct set forth above, one H&Z Cultivation Investor was sixty years of age or older and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
43. Respondents H&Z Cultivation and MacKenzie's violations of Section 409.5-501(2) constitute an engagement in an illegal act, practice, or course of business subject to the Acting Commissioner's authority under Section 409.6-604.

COUNT VI – 25 Violations of Section 409.5-501(3)

44. **THE ACTING COMMISSIONER FURTHER DETERMINES** that by engaging in the conduct as set forth above, Respondents H&Z Cultivation and MacKenzie, in connection with the offer and sale of a security, engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501(3).
45. At the time Respondents H&Z Cultivation and MacKenzie engaged in the conduct set forth above, one H&Z Cultivation Investor was sixty years of age or older and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
46. Respondents H&Z Cultivation and MacKenzie's violations of Sections 409.5-501(3) constitute an engagement in an illegal act, practice, or course of business subject to the Acting Commissioner's authority under Section 409.6-604.
47. An order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

III. ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.5-501(1), by, in connection with the offer or sale of securities, employing a device, scheme or artifice to defraud;
- B. Section 409.5-501(2), by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading; and
- C. Section 409.5-501(3), by, in connection with the offer or sale of securities, engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon

another person.

IV. STATEMENT

Pursuant to Section 409.6-604, the Acting Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$130,000 against Respondents H&Z HI and MacKenzie, joint and several, for twenty-six violations of Section 409.5-501(1), plus an additional \$30,000 for the commitment of such violation against two elderly persons, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- B. \$130,000 against Respondents H&Z HI and MacKenzie, joint and several, for twenty-six violations of Section 409.5-501(2), plus an additional \$30,000 for the commitment of such violation against two elderly persons, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- C. \$130,000 against Respondents H&Z HI and MacKenzie, joint and several, for twenty-six violations of Section 409.5-501(3), plus an additional \$30,000 for the commitment of such violation against two elderly persons, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- D. \$125,000 against Respondents H&Z Cultivation and MacKenzie, joint and several, for twenty-five violations of Section 409.5-501(1), plus an additional \$15,000 for the commitment of such violations against one elderly person, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- E. \$125,000 against Respondents H&Z Cultivation and MacKenzie, joint and several, for twenty-five violations of Section 409.5-501(2), plus an additional \$15,000 for the commitment of such violations against one elderly person, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- F. \$125,000 against Respondents H&Z Cultivation and MacKenzie, joint and several, for twenty-five violations of Section 409.5-501(3), plus an additional \$15,000 for the commitment of such violations against one elderly person; in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- G. an order to pay restitution in the amount of \$3,191,000 against Respondents H&Z HI and MacKenzie, joint and several, plus annual interest at a rate of eight percent from the date of the violations, for any loss, including the amount of any actual damages that may have been caused by the Respondents' conduct;
- H. an order to pay restitution in the amount of \$2,265,000 against Respondents H&Z Cultivation and MacKenzie, joint and several, plus annual interest at a rate of eight percent from the date of the violations, for any loss, including the amount of any actual damages that may have been caused by the Respondents' conduct;
- I. an award of the costs of the investigation against Respondents, joint and several, in this

proceeding, awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made; and

- J. an order that the Acting Commissioner provides such other relief as he deems just unless Respondents request a hearing and show cause why the relief should not be imposed.

All of the preceding relief is sought on behalf of the persons injured by the acts and practices of Respondents that constitute violations of the Missouri Securities Act.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 12th DAY OF OCTOBER, 2022.



JOHN R. ASHCROFT
SECRETARY OF STATE

JESUS A. OSETE
ACTING COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
H & Z ENTERPRISES HI, LLC;)
H & Z CULTIVATION, LLC; and)
MACKENZIE S.C. HOAMBRECKER,)
)
Respondents.)
)
Serve: H & Z Cultivation, LLC)
c/o Frank Borger Gilligan)
Dickinson Wright PLLC)
424 Church Street, Ste. 800)
Nashville, Tennessee 37219)
)
H & Z Enterprises HI, LLC)
c/o Frank Borger Gilligan)
Dickinson Wright PLLC)
424 Church Street, Ste. 800)
Nashville, Tennessee 37219)
)
MacKenzie S.C. Hoambrecker)
c/o Frank Borger Gilligan)
Dickinson Wright PLLC)
424 Church Street, Ste. 800)
Nashville, Tennessee 37219)

Case No.: AP-22-13

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of receipt of this Order pursuant to Section 409.6-604(b), RSMo (2016), and 15 CSR 30-55.020. Any request for a hearing before the Acting Commissioner must contain:

- a. a brief statement of the facts;

- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to the order, the Acting Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing to:

Jesus A. Osete, Acting Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, MO 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of October, 2022, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, Costs, and Other Administrative Relief Should Not Be Imposed in the above styled case was **mailed via certified U.S. mail to:**

H & Z Cultivation, LLC
c/o Frank Borger Gilligan
Dickinson Wright PLLC
424 Church Street, Ste. 800
Nashville, Tennessee 37219

H & Z Enterprises HI, LLC
c/o Frank Borger Gilligan
Dickinson Wright PLLC
424 Church Street, Ste. 800
Nashville, Tennessee 37219

MacKenzie S.C. Hoambrecker
c/o Frank Borger Gilligan
Dickinson Wright PLLC
424 Church Street, Ste. 800
Nashville, Tennessee 37219


Laurie Dawson
Securities Office Manager